

## General Transfer Agreement

November 15, 2004

The attached comments reflect comment log number(s): GTA-041 through GTA-041.

Aho, Rod – PL-6  
Allen Burns – R-3  
Syd Berwager – R-3  
Preston Michie – R-3  
Tara Exe- R-3  
Joe Rogers – R-3  
Steve Larson – L-7

NOTE: If you have any changes to the above distribution list, please contact Ginny Kuehn, x4413. Thank you.

# General Transfer Agreement

15-Nov-04

**Specialist:** Tara Exe

**Program Office:** Industry Rest.

**Comment Close Date:** 10/19/2004

Comment Log #	First Name	Last Name	Affiliation	Receipt Date	Notes
GTA-041	William K.	Drummond	Board of WMG&T	11/15/2004	

GTA-041  
NOV 15 2004

**Kuehn,Ginny - DM**

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**From:** Rogers,Robert A (Joe) - R  
**Sent:** Monday, November 15, 2004 8:14 AM  
**To:** Pedersen,Margaret E - PTT; Metcalf,Dennis E - TM; Millar,Susan B - LT; Greene,Richard A - LP; Miller,Todd E - LP  
**Cc:** Exe,Tara D - R; Kuehn,Ginny - DM; Aho,Rodney A - PSE  
**Subject:** FW: Additional GTA Comments

I think this one is best left for the attorneys to consider. The ROD may need to address it.

-----Original Message-----

**From:** Bill Drummond [mailto:wmgt@montana.com]

**Sent:** Friday, November 12, 2004 2:58 PM

**To:** Rogers,Robert A (Joe) - R

**Cc:** John Saven; Jerry Leone; Ric Brown; Ralph Goode; Mike Henry; Jasen Bronec; Jack Hunt; Dave Alberi; Brian Elliot; Doug Grob; Joe Kilminster; Norm Tebay

**Subject:** Additional GTA Comments

Joe;

As I described Wednesday, the Board of WMG&T is concerned about certain sections of the draft GTA contract. Attached is a letter describing these concerns and offering some alternative language. Please call me if you have any questions.

Regards,  
Bill

11/15/2004



**WESTERN MONTANA ELECTRIC  
GENERATING & TRANSMISSION COOPERATIVE, INC.**

1001 SW Higgins, Panorama Park, Suite 206, Missoula, MT 59803-1340 (406) 721-0945/721-3738 FAX

GTA-041  
NOV 15 2004

November 12, 2004

BY ELECTRONIC MAIL

Joe Rogers  
Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208

Dear Joe;

As I explained on the telephone Wednesday, the Board of Western Montana Electric Generating and Transmission Cooperative (WMG&T) is concerned about some of the language appearing in the draft General Transfer Agreement (GTA) contract. In particular, the WMG&T Board believes that the language in Section 4(d) and (e) of the contract is poorly worded and could lead to unintended consequences for Bonneville and its customers in the future.

The language in Sections 4(d) and (e) appears to require that Bonneville allocate the costs associated with the GTAs into either power or transmission rates and that if the Federal Energy Regulatory Commission (FERC) or a court of competent jurisdiction rejects the particular cost assignment, that Bonneville is subsequently required to allocate the GTA costs to the other business line. While we support the concept, we are concerned that the language embodied in these two sections may actually be harmful to Bonneville or its GTA customers in the future.

The WMG&T Board believes that the language in Section 4(d) gives FERC authority over Bonneville's rate components and section 4(e) appears to give FERC the discretion to absolve BPA of the 20-year obligation of rolled-in treatment of the GTA costs. It is our understanding that while FERC does have authority over the adequacy of Bonneville's power rates to recover its power costs, that authority does not extend to determining if certain costs are appropriately power costs. Thus, section 4(d) would appear to confer on FERC more authority over power rates than currently exists. Additionally, section 4(e) appears to give FERC a clear description of how to disallow GTA costs from either power or transmission rates, thereby leading to the direct allocation of these costs by Bonneville to the beneficiaries.

The alternative language for section 4(d) developed by Ric Brown, Manager of Ravalli County Electric Cooperative in his comments to Bonneville on the GTA contract provides a more accurate and precise characterization of what we believe the intent of the section is. In particular, section 4(d) should be amended to read:

Federal Energy Regulatory Commission review of BPA's general rates will include Rolled In Transmission Component Costs in either the power rate or the transmission rate to assure cost recovery and sufficiency of revenue to meet Bonneville's financial obligations to treasury and the Region. If FERC does not approve and confirm the housing change of the Transmission Component Costs (GTA) from power rates to transmission rates, then the Transmission Component Costs (GTA) will continue to be rolled into power rates as currently allowed and approved by FERC and historically defended by BPA.

Section 4(e) of the draft GTA contract should be deleted in its entirety.

We appreciate that the comment period has officially closed, but believe that these issues are of such importance that the above changes should be included in the final GTA contract offering anyway. Thank you for your consideration of our comments.

Very truly yours,

/s/

William K. Drummond  
Manager

cc: WMG&T Board & Managers  
John Saven  
Jerry Leone